



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 6, 2017

**AMENDED CERTIFICATION**

Danny Massey  
Superintendent  
Brazosport Independent School District  
P.O. Drawer Z  
Freeport, Texas 77541-1926

Re: Amended Certificate for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between Brazosport Independent School District and  
Freeport LNG Development, L.P., Application 1098

Dear Superintendent Massey:

This application (Application 1098) was originally submitted on August 18, 2015, to the Brazosport Independent School District (school district) by Freeport LNG Development, L.P. (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>[1]</sup>. On October 27, 2015, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on January 25, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on October 25, 2016.

On March 1, 2017, the Comptroller received an amendment to the agreement. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

The information provided by the applicant related to eligibility has not changed and therefore, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

<sup>[1]</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

**Certificate decision required by 313.025(d)**

**Determination required by 313.026(c)(1)**

Based on the amended information provided by the applicant, the Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

**Determination required by 313.026(c)(2)**

The information provided by the applicant related to the limitation on appraised value as a determining factor has not changed and therefore, the Comptroller has determined that the applicant meets the requirement.

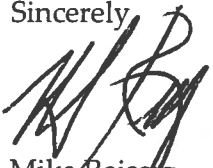
Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the amendment to the agreement within a year from the date of this letter.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Freeport LNG Development, L.P. (project) applying to Brazosport Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of Freeport LNG Development, L.P.

Applicant	Freeport LNG Development, L.P.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Brazosport ISD
2015-2016 Average Daily Attendance	11,400
County	Brazoria
Proposed Total Investment in District	\$1,750,000,000
Proposed Qualified Investment	\$1,000,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	45
Average weekly wage of qualifying jobs committed to by applicant	\$1,153
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,153
Minimum annual wage committed to by applicant for qualified jobs	\$60,000
Minimum weekly wage required for non-qualifying jobs	\$1,060
Minimum annual wage required for non-qualifying jobs	\$55,133
Investment per Qualifying Job	\$1,750,000,000
Estimated M&O levy without any limit (15 years)	\$170,759,350
Estimated M&O levy with Limitation (15 years)	\$41,541,485
Estimated gross M&O tax benefit (15 years)	\$129,217,865

**Table 2** is the estimated statewide economic impact of Freeport LNG Development, L.P. (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	150	191	341	\$7,800,000	\$15,670,000	\$23,470,000
2019	650	827	1476.67	\$33,800,000	\$71,932,000	\$105,732,000
2020	1200	1,556	2756	\$62,400,000	\$144,633,000	\$207,033,000
2021	415	768	1183	\$875,670	\$103,534,330	\$104,410,000
2022	40	312	352	\$2,254,000	\$44,782,000	\$47,036,000
2023	55	222	277	\$3,080,990	\$36,738,010	\$39,819,000
2024	55	157	212	\$3,080,990	\$30,012,010	\$33,093,000
2025	55	134	189	\$3,080,990	\$26,771,010	\$29,852,000
2026	55	136	191	\$3,080,990	\$25,963,010	\$29,044,000
2027	55	153	208	\$3,080,990	\$26,961,010	\$30,042,000
2028	55	176	231	\$3,080,990	\$29,066,010	\$32,147,000
2029	55	200	255	\$3,080,990	\$31,827,010	\$34,908,000
2030	55	222	277	\$3,080,990	\$34,920,010	\$38,001,000
2031	55	210	265	\$3,080,990	\$34,984,010	\$38,065,000
2032	55	215	270	\$3,080,990	\$36,546,010	\$39,627,000
2033	55	219	274	\$3,080,990	\$38,229,010	\$41,310,000

Source: CPA REMI, Freeport LNG Development, L.P.

**Table 3** examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College District Tax Levy	Velasco Drainage District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	0.2153	1.0400		0.5174	0.2850	0.0915	0.0401	
2019	\$125,000,000	\$125,000,000		\$269,125	\$1,300,000	\$1,569,125	\$646,756	\$356,300	\$114,376	\$50,125	\$2,736,683
2020	\$375,000,000	\$375,000,000		\$807,375	\$3,900,000	\$4,707,375	\$1,940,269	\$1,068,900	\$343,129	\$150,375	\$8,210,048
2021	\$812,500,000	\$812,500,000		\$1,749,313	\$8,450,000	\$10,199,313	\$4,203,916	\$2,315,950	\$743,446	\$325,813	\$17,788,436
2022	\$1,519,875,000	\$1,519,875,000		\$3,272,291	\$15,806,700	\$19,078,991	\$7,863,909	\$4,332,252	\$1,390,701	\$609,470	\$33,275,323
2023	\$1,466,679,600	\$1,466,679,600		\$3,157,761	\$15,253,468	\$18,411,229	\$7,588,674	\$4,180,624	\$1,342,027	\$588,139	\$32,110,691
2024	\$1,415,345,400	\$1,415,345,400		\$3,047,239	\$14,719,592	\$17,766,831	\$7,323,068	\$4,034,301	\$1,295,055	\$567,554	\$30,986,808
2025	\$1,365,808,500	\$1,365,808,500		\$2,940,586	\$14,204,408	\$17,144,994	\$7,066,761	\$3,893,101	\$1,249,728	\$547,689	\$29,902,274
2026	\$1,318,005,000	\$1,318,005,000		\$2,837,665	\$13,707,252	\$16,544,917	\$6,819,424	\$3,756,841	\$1,205,988	\$528,520	\$28,855,690
2027	\$1,271,874,600	\$1,271,874,600		\$2,738,346	\$13,227,496	\$15,965,842	\$6,580,743	\$3,625,351	\$1,163,778	\$510,022	\$27,845,736
2028	\$1,227,358,800	\$1,227,358,800		\$2,642,503	\$12,764,532	\$15,407,035	\$6,350,416	\$3,498,464	\$1,123,046	\$492,171	\$26,871,131
2029	\$1,184,400,900	\$1,184,400,900		\$2,550,015	\$12,317,769	\$14,867,784	\$6,128,149	\$3,376,016	\$1,083,739	\$474,945	\$25,930,634
2030	\$1,142,946,900	\$1,142,946,900		\$2,460,765	\$11,886,648	\$14,347,412	\$5,913,664	\$3,257,856	\$1,045,808	\$458,322	\$25,023,062
2031	\$1,102,943,700	\$1,102,943,700		\$2,374,638	\$11,470,614	\$13,845,252	\$5,706,686	\$3,143,831	\$1,009,205	\$442,280	\$24,147,254
2032	\$1,064,340,900	\$1,064,340,900		\$2,291,526	\$11,069,145	\$13,360,671	\$5,506,953	\$3,033,797	\$973,883	\$426,801	\$23,302,105
2033	\$1,027,089,000	\$1,027,089,000		\$2,211,323	\$10,681,726	\$12,893,048	\$5,314,210	\$2,927,614	\$939,797	\$411,863	\$22,486,532
			Total	\$35,350,469	\$170,759,350	\$206,109,820	\$84,953,598	\$46,801,197	\$15,023,703	\$6,584,086	\$359,472,404

Source: CPA, Freeport LNG Development, L.P.

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Brazoria County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with Brazoria County, Brazosport College District, Velasco Drainage District and Port Freeport.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College District Tax Levy	Velasco Drainage District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
				0.2153	1.0400		0.5174	0.2850	0.0915	0.0401	
2019	\$125,000,000	\$125,000,000		\$269,125	\$1,300,000	\$1,569,125	\$0	\$0	\$0	\$0	\$1,569,125
2020	\$375,000,000	\$375,000,000		\$807,375	\$3,900,000	\$4,707,375	\$0	\$0	\$0	\$0	\$4,707,375
2021	\$812,500,000	\$30,000,000		\$1,749,313	\$312,000	\$2,061,313	\$0	\$0	\$0	\$0	\$2,061,313
2022	\$1,519,875,000	\$30,000,000		\$3,272,291	\$312,000	\$3,584,291	\$0	\$0	\$0	\$0	\$3,584,291
2023	\$1,466,679,600	\$30,000,000		\$3,157,761	\$312,000	\$3,469,761	\$0	\$0	\$0	\$0	\$3,469,761
2024	\$1,415,345,400	\$30,000,000		\$3,047,239	\$312,000	\$3,359,239	\$0	\$0	\$0	\$0	\$3,359,239
2025	\$1,365,808,500	\$30,000,000		\$2,940,586	\$312,000	\$3,252,586	\$0	\$0	\$0	\$0	\$3,252,586
2026	\$1,318,005,000	\$30,000,000		\$2,837,665	\$312,000	\$3,149,665	\$0	\$0	\$0	\$0	\$3,149,665
2027	\$1,271,874,600	\$30,000,000		\$2,738,346	\$312,000	\$3,050,346	\$0	\$0	\$0	\$0	\$3,050,346
2028	\$1,227,358,800	\$30,000,000		\$2,642,503	\$312,000	\$2,954,503	\$0	\$0	\$0	\$0	\$2,954,503
2029	\$1,184,400,900	\$30,000,000		\$2,550,015	\$312,000	\$2,862,015	\$6,128,149	\$3,376,016	\$1,083,739	\$474,945	\$13,924,864
2030	\$1,142,946,900	\$30,000,000		\$2,460,765	\$312,000	\$2,772,765	\$5,913,664	\$3,257,856	\$1,045,808	\$458,322	\$13,448,414
2031	\$1,102,943,700	\$1,102,943,700		\$2,374,638	\$11,470,614	\$13,845,252	\$5,706,686	\$3,143,831	\$1,009,205	\$442,280	\$24,147,254
2032	\$1,064,340,900	\$1,064,340,900		\$2,291,526	\$11,069,145	\$13,360,671	\$5,506,953	\$3,033,797	\$973,883	\$426,801	\$23,302,105
2033	\$1,027,089,000	\$1,027,089,000		\$2,211,323	\$10,681,726	\$12,893,048	\$5,314,210	\$2,927,614	\$939,797	\$411,863	\$22,486,532
			Total	\$35,350,469	\$41,541,485	\$76,891,955	\$28,569,663	\$15,739,115	\$5,052,430	\$2,214,210	\$128,467,373
			Diff	\$0	\$129,217,865	\$129,217,865	\$56,383,935	\$31,062,083	\$9,971,273	\$4,369,876	\$231,005,032

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Freeport LNG Development, L.P.

<sup>1</sup>Tax Rate per \$100 Valuation

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller's determination that Freeport LNG Development, L.P. (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2018	\$0	\$0	\$0	\$0
	2019	\$1,300,000	\$1,300,000	\$0	\$0
	2020	\$3,900,000	\$5,200,000	\$0	\$0
<b>Limitation Period (10 Years)</b>	2021	\$312,000	\$5,512,000	\$8,138,000	\$8,138,000
	2022	\$312,000	\$5,824,000	\$15,494,700	\$23,632,700
	2023	\$312,000	\$6,136,000	\$14,941,468	\$38,574,168
	2024	\$312,000	\$6,448,000	\$14,407,592	\$52,981,760
	2025	\$312,000	\$6,760,000	\$13,892,408	\$66,874,168
	2026	\$312,000	\$7,072,000	\$13,395,252	\$80,269,420
	2027	\$312,000	\$7,384,000	\$12,915,496	\$93,184,916
	2028	\$312,000	\$7,696,000	\$12,452,532	\$105,637,448
	2029	\$312,000	\$8,008,000	\$12,005,769	\$117,643,217
	2030	\$312,000	\$8,320,000	\$11,574,648	\$129,217,865
<b>Maintain Viable Presence (5 Years)</b>	2031	\$11,470,614	\$19,790,614	\$0	\$129,217,865
	2032	\$11,069,145	\$30,859,760	\$0	\$129,217,865
	2033	\$10,681,726	\$41,541,485	\$0	\$129,217,865
	2034	\$10,307,868	\$51,849,354	\$0	\$129,217,865
	2035	\$9,947,097	\$61,796,451	\$0	\$129,217,865
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2036	\$9,598,951	\$71,395,402	\$0	\$129,217,865
	2037	\$9,262,984	\$80,658,386	\$0	\$129,217,865
	2038	\$8,938,781	\$89,597,167	\$0	\$129,217,865
	2039	\$8,625,923	\$98,223,090	\$0	\$129,217,865
	2040	\$8,324,016	\$106,547,107	\$0	\$129,217,865
	2041	\$8,032,677	\$114,579,784	\$0	\$129,217,865
	2042	\$7,751,531	\$122,331,315	\$0	\$129,217,865
	2043	\$7,480,231	\$129,811,546	\$0	\$129,217,865
	2044	\$7,218,423	\$137,029,968	\$0	\$129,217,865
	2045	\$6,965,778	\$143,995,746	\$0	\$129,217,865
		<b>\$143,995,746</b>	is greater than	<b>\$129,217,865</b>	

### Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Source: CPA, Freeport LNG Development, L.P.

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